

AMENDED IN SENATE MAY 23, 2016

AMENDED IN ASSEMBLY APRIL 11, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2024

**Introduced by Assembly Member Wood
(Coauthors: Assembly Members Bigelow, Dahle, Gallagher, and
Oberholte)**

February 16, 2016

An act to amend Section 2401 of the Business and Professions Code, relating to healing arts.

LEGISLATIVE COUNSEL'S DIGEST

AB 2024, as amended, Wood. Critical access hospitals: employment.

Existing law, the Medical Practice Act, restricts the employment of physicians and surgeons and doctors of podiatric medicine by a corporation or other artificial legal entity to ~~entities~~ *entities* that do not charge for professional services rendered to patients and are approved by the Medical Board of California, subject to specified exemptions.

This bill, until January 1, 2024, would also authorize a federally certified critical access hospital to employ those medical professionals and charge for professional services rendered by those medical ~~professionals, and would prohibit the critical access~~ *professionals if the medical staff concur by an affirmative vote that the professional's employment is in the best interest of the communities served by the hospital and the hospital from directing or interfering does not direct or interfere* with the professional judgment of a physician and surgeon, as specified. The bill would require the ~~Legislative Analyst, board,~~ on or before July 1, 2023, to provide a report to the Legislature containing

data on the impact of this authorization on federally certified critical access ~~hospitals~~. *hospitals and their ability to recruit and retain physicians and surgeons, as specified.*

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 2401 of the Business and Professions
2 Code is amended to read:

3 2401. (a) Notwithstanding Section 2400, a clinic operated
4 primarily for the purpose of medical education by a public or
5 private nonprofit university medical school, which is approved by
6 the board or the Osteopathic Medical Board of California, may
7 charge for professional services rendered to teaching patients by
8 licensees who hold academic appointments on the faculty of the
9 university, if the charges are approved by the physician and surgeon
10 in whose name the charges are made.

11 (b) Notwithstanding Section 2400, a clinic operated under
12 subdivision (p) of Section 1206 of the Health and Safety Code
13 may employ licensees and charge for professional services rendered
14 by those licensees. However, the clinic shall not interfere with,
15 control, or otherwise direct the professional judgment of a
16 physician and surgeon in a manner prohibited by Section 2400 or
17 any other law.

18 (c) Notwithstanding Section 2400, a narcotic treatment program
19 operated under Section 11876 of the Health and Safety Code and
20 regulated by the State Department of Health Care Services, may
21 employ licensees and charge for professional services rendered by
22 those licensees. However, the narcotic treatment program shall
23 not interfere with, control, or otherwise direct the professional
24 judgment of a physician and surgeon in a manner prohibited by
25 Section 2400 or any other law.

26 (d) Notwithstanding Section 2400, a hospital that is owned and
27 operated by a licensed charitable organization, that offers only
28 pediatric subspecialty care, that, prior to January 1, 2013, employed
29 licensees on a salary basis, and that has not charged for professional
30 services rendered to patients may, commencing January 1, 2013,
31 charge for professional services rendered to patients, provided the
32 following conditions are met:

1 (1) The hospital does not increase the number of salaried
2 licensees by more than five licensees each year.

3 (2) The hospital does not expand its scope of services beyond
4 pediatric subspecialty care.

5 (3) The hospital accepts each patient needing its scope of
6 services regardless of his or her ability to pay, including whether
7 the patient has any form of health care coverage.

8 (4) The medical staff concur by an affirmative vote that the
9 licensee's employment is in the best interest of the communities
10 served by the hospital.

11 (5) The hospital does not interfere with, control, or otherwise
12 direct a physician and surgeon's professional judgment in a manner
13 prohibited by Section 2400 or any other law.

14 (e) (1) Notwithstanding Section 2400, until January 1, 2024, a
15 federally certified critical access hospital may employ licensees
16 and charge for professional services rendered by those licensees.
17 ~~However, the critical access licensees to patients, provided both~~
18 ~~of the following conditions are met:~~

19 (A) *The medical staff concur by an affirmative vote that the*
20 *licensee's employment is in the best interest of the communities*
21 *served by the hospital.*

22 (B) ~~The hospital shall~~ *does not* interfere with, control, or
23 otherwise direct ~~the professional judgment of a physician and~~
24 ~~surgeon~~ *surgeon's professional judgment* in a manner prohibited
25 by Section 2400 or any other law.

26 (2) (A) On or before July 1, 2023, ~~the Legislative Analyst~~
27 ~~board~~ shall provide a report to the Legislature containing data
28 about the impact of paragraph (1) on federally certified critical
29 access hospitals *and their ability to recruit and retain physicians*
30 *and surgeons* between January 1, 2017, and January 1, ~~2024~~, 2023,
31 inclusive. *This report shall be submitted in compliance with Section*
32 *9795 of the Government Code.*

33 (B) *The requirement for submitting a report imposed under*
34 *subparagraph (A) is inoperative on July 1, 2027.*